

NORTHEAST TRI-COUNTY HEALTH DISTRICT
Stevens County, Washington
January 1, 1994 Through December 31, 1994

Schedule Of Federal Findings

1. Payroll Charges To Federal Programs And Amounts Claimed For Matching Should Comply With Federal Regulations

Our audit of the Comprehensive Child Development Centers (CFDA 93.666) grant revealed that payroll expenditures claimed for reimbursement and matching were unsupported. Nurses and administrative staff working on the grant were not required to maintain subsidiary recordkeeping to document actual application of resources to program purposes and we found no such records. Reimbursements in the amount of \$68,753 were not supported by adequate time records.

The "Common Rule" for *Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments* and the United States Office of Management and Budget (OMB) Circular A-87 *Cost Principles For State And Local Governments* establish standards for documentation and allowability of costs chargeable to federal grant programs. Among the standards are:

- a. Financial management systems shall provide for records that adequately identify the source and application of funds for grant supported activities (Common Rule).
- b. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees (OMB Circular A-87).
- c. Salaries and wages of employees chargeable to more than one cost objective must be supported by time distribution records (OMB Circular A-87).
- d. A matching requirement may be satisfied by allowable costs incurred. Costs counting towards satisfying a matching requirement must be verifiable from the records (Common Rule).

While the health district complied with all the terms of its grant contract with Eastern Washington University, this situation occurred because of deficiencies in the grant contract. We are including the unsupported \$68,753 in the accompanying Schedule of Questioned Costs.

We recommend the grant contract be reviewed and revised. We also recommend the health district implement a time reporting system that complies with the standards set forth in the "Common Rule" and OMB Circular A-87.

2. The Women, Infants and Children (WIC) Annual Expenditure Report Should Be Supported

Our audit of the Special Supplemental Food Program for WIC (CFDA 10.557) grant revealed that personnel expenditures claimed on the Annual Expenditure Report were not supported. Staff were not required to track time spent on multiple WIC functions. Timekeeping records only documented WIC time in total. The personnel expenditures claimed were determined by estimating allocations of direct WIC client service time.

The Washington State WIC Manual, Volume 2, Chapter 12 requires each local agency to submit an Annual Expenditure Report to the state WIC program. The manual states that a timestudy should be used to calculate personnel costs for all WIC funded employees. Personnel costs are to be allocated to the four activity categories: client services, nutrition education, breastfeeding promotion and administration. The Washington State WIC Manual is approved by both the Washington State Department of Health and the United States Department of Agriculture Food and Nutrition Service.

Health district staff were unaware of the appropriate methodology for maintaining documentation to support time spent on multiple WIC functions. As a result, the health district may be required to repay the state WIC program for any discrepancies.

We recommend the health district prepare the Annual Expenditure Report in accordance with state and federal guidelines. Personnel expenditures claimed should be supported by a timestudy or other payroll records that document time spent on multiple WIC functions.